

LAND BOARD AGENDA ITEM

February 22nd, 2011

**SET MINIMUM BID FOR LAND BANKING PARCELS
595, 596 & 597
PONDERA COUNTY**

Seller:	State of Montana, Department of Natural Resources and Conservation
Nominators:	Parcel 595 – Lessee, Circle 4 Farms Parcel 596 – Lessee, Lindseth Charolais Ranch Parcel 597 – Lessee, Gus Winterrowd
Location:	Parcel 595 - is located 2.5 miles south of Brady Parcel 596 – is located 36 miles west of Conrad Parcel 597 – is located 15 miles northeast of Conrad
Property Characteristics:	Parcel 595 - This parcel is 33.4 acres of native rangeland with below average productivity, and 6.6 acres in agricultural production which is part of a larger field on adjacent private lands. Parcel 596 – This parcel is gently rolling slopes composed of native rangeland that has above average productivity for grazing land. Parcel 597 – The parcel is mainly flat slopes composed of native rangeland, currently used for grazing. This tract is surrounded by agricultural land contained in large fields for small grain production. There is a high likelihood this tract would be farmed in the future.
Access:	Parcels 595, 596, & 597 – Are not legally accessibly by the public, and are completely surrounded by private land.

Economic Analysis:

Short term – The rate of return on the sale parcels for Common Schools is 0.51%. They would continue to receive those returns if the parcels are not sold.

Long term – The sale of these parcels would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.91%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The parcels nominated for sale were inventoried to Class III standards for cultural and paleontological resources in 2010. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified on any of the aforementioned tracts. The underlying geology of most of the listed tracts is Two Medicine Formation sedimentary rock. Kevin Member Formation and Eagle Formation appear on a few of the parcels as well.

Agency Recommendation:

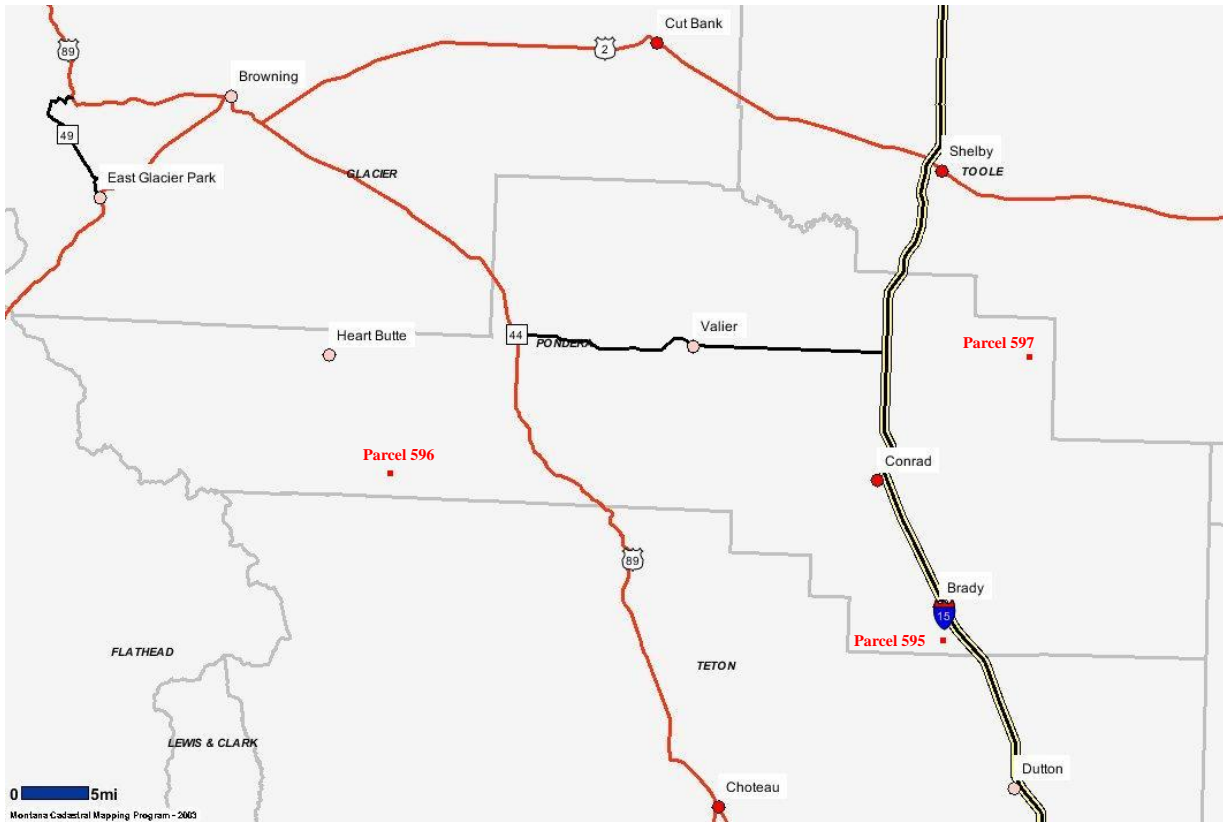
The parcels do not have legal access. Since no market data was available to the appraiser at the time of the appraisal to support a value conclusion of their “as is” condition of no legal access, those parcels were only appraised under the hypothetical condition of having legal access. Based on appraised values, the Director recommends the minimum bid amount as follows:

Sale #	# of Acres	Appraised Value With Access	Appraised Value Per Acre With Access	Appraised Value Without Access	Recommended Minimum Bid	Trust
595	40	\$12,600	\$315	N/A	\$12,600	Common Schools
596	40	\$14,400	\$360	N/A	\$14,400	Common Schools
597	40	\$20,000	\$500	N/A	\$20,000	Common Schools
Total					\$47,000	

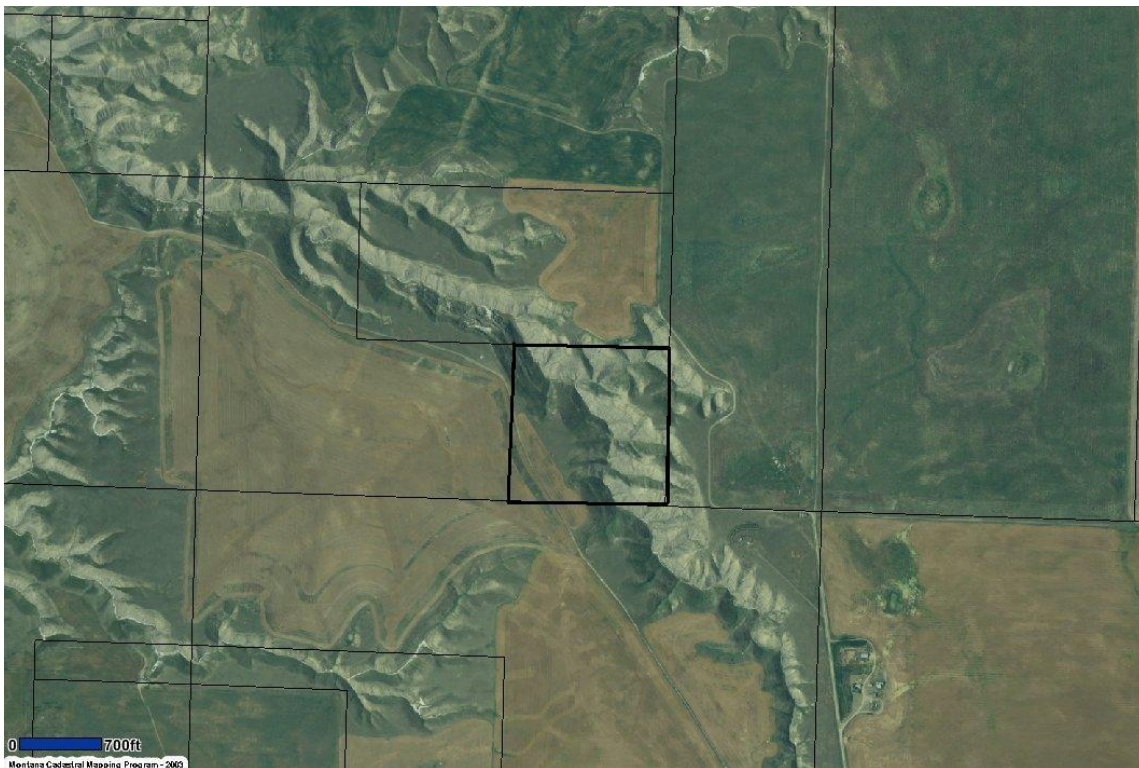
MEPA Issues:

Parcel 596 – is surrounded by land under a conservation easement. The compelling reasons to sell this parcel are: the difficulty to manage and minimal income received on this small parcel and isolated nature of the ownership. The conservation easement on the adjoining lands prohibits road building, and would prevent development of this parcel.

Pondera County Sales Location Map



Sale #595



Updated 2/17/11

Sale #596



Sale #597

